Kruger Ci Prudential Fund of Funds
November 2018

KRUGER International

INVESTMENT OBJECTIVE

The investment objective of this portfolio is to provide investors with income and capital growth whilst preserving capital over time and reducing volatility of returns over the short to medium term. The underlying funds in the portfolio invest in a combination of equities, listed property, bonds and money market. The portfolio is aimed at investors who can tolerate low risk, as explained only by volatility, as it may have a maximum of only 40% exposure to equities. The portfolio adheres to the prudential investment guidelines set by Regulation 28.

THE KRUGER INVESTMENT COMMITTEE

Hein Kruger:	Chief Investment Officer
Mia Kruger:	Portfolio Manager
Johan Marais:	Investment Committee Member
Charl Bester:	Investment Committee Member
Chris Nel:	Investment Committee Member
Analytics Consulting:	Investment Consultant

ABOUT THE FUND

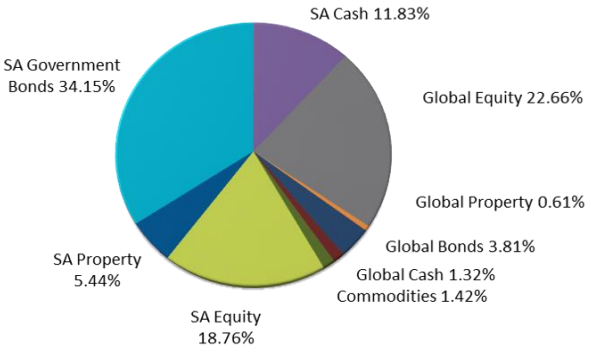
ASISA Classification	South African - Multi Asset - Low Equity
Risk Profile	Low
Benchmark	South African Multi Asset Low Equity Category Average
Equity Exposure	The fund will have a maximum effective exposure of 40% for equity.
Foreign Exposure	Up to 30% of the assets may be invested offshore and an additional 10% in Africa (ex RSA).

UNDERLYING HOLDINGS

Ci Cautious Fund	35.61%
Nedgroup Investments Stable Fund (Foord)	24.45%
Abax SA Absolute Prescient Fund	17.89%
Kruger International Flexible Fund	10.50%
Kruger International Equity Fund	10.54%
SA Cash	1.00%
USD Cash	0.01%

Where possible the Investment Manager will invest in portfolios or classes of portfolios that do not charge a performance fee

ASSET ALLOCATION



Please note: Asset allocations are one month lagged.

PORTFOLIO MANAGER'S COMMENTARY

International:
Post the declines in world markets in September and October, markets recovered somewhat in November up to the first few trading days of December. The last little spurt was on the back of the positive news from the G20 meeting in Argentine where the US and China reached a temporary truce regarding their ongoing trade dispute. The decision to negotiate further was widely welcomed, especially by emerging markets, but this respite was short lived as soon as news emerged that there were two different interpretations of the agreement. Soon doubt crept back into investors' minds and markets resumed its decline. Add to this the uncertainty around the Brexit outcome, the FED's sudden hesitation re the direction of monetary policy – an almost certain December rate hike until recently now seems doubtful –, softer economic data, a collapsing oil price, the sudden unrest in France, its economic and political impact on Europe and the late cycle stage of the bull market. The monthly US nonfarm payroll data for November also disappointed somewhat – 155 000 new jobs were added against an expected 198 000 – the unemployment data remained steady at 3.7% while average hourly wage growth grew slightly below month on month expectations but in line by 3.1% year on year. On the political front the ongoing Mueller investigation into the possible collusion between the Trump campaign and the Russians has deepened further casting even longer shadows over the Trump presidency. Against this background and with fourth quarter corporate earnings around the corner in January, investors now seem more sceptical about the sustainability of the healthy earnings they've become accustomed to over the past few years. The important global indices gained ground in November – the MSCI All Country +1.01% (-6.55%ytd); the Dow Jones +2.11% (+5.59%ytd); the S&P 500 +2.04 (+5.11%ytd) and the MSCI Emerging Markets by +5.53% (-14.70%ytd) – all in US dollars.
Local:
On the local economic front the situation remains dire and the negatives continued to outweigh the positives in November. Except for a few green shoots, the overall picture remains overwhelmingly negative as borne out by recent data. The SARB leading economic indicator continued to decline; the SA trade balance disappointed in October as imports surged; PPI catapulted sharply higher as a result of higher transport costs; consumer confidence declined further in the third quarter; mining and manufacturing production data and retail sales continued to disappoint while the BER business confidence index contracted in the third quarter. Unemployment, SA's biggest bugbear, rose further towards 28% in the third quarter. On the plus side the strong rebound in real GDP growth to +2.2% in the third quarter – quarter on quarter – fuelled hope, inflation surprised to the downside in October; the Absa manufacturing PMI unexpectedly surged from 42.2 in October to 49,50 in November while the SACCI business confidence index picked up further in November. Meanwhile, the SARB's Monetary Policy Committee (MPC) unexpectedly hiked the repo rate by 25 basis points to 6.75% at its recent meeting and maintained its cautious outlook on inflation. After its recent losses the SA equity market has now corrected to levels that offer good value. Contrary to the global trend the FTSE/ JSE All Share index declined by -3.17% (-12.26%ytd) in November. The Kruger FOF portfolios followed suit – Balanced -2.22% (-5.41%ytd); Prudential -1.62% (-1.43%ytd) and Global -4.20% (+7.02%ytd). So too did the Kruger Funds – Equity Fund by -2.48% (-5.84%ytd); Balanced by -2.43% and Prudential by -1.21%.

PORTFOLIO HISTORIC PERFORMANCE*

	1 year	3 years	5 years	10 years
Kruger Ci Prudential FoF	-2.12%	3.19%	5.84%	8.72%
Benchmark	0.21%	4.17%	6.00%	8.05%
Highest return over 12 rolling months				19.50%
Lowest return over 12 rolling months				-4.51%

*Annualised

TOP 10 EQUITY EXPOSURES

Naspers	1.64%	Anglo American	0.87%
British American Tobacco	1.58%	BHP Billiton	0.81%
Sasol	1.36%	CF Richemont	0.73%
Standard Bank	1.29%	Growthpoint Properties	0.66%
Capital & Counties	1.06%	Firstrand	0.60%

Please Note: Top 10 equity exposures are one month lagged as disclosed by Portfolio Analytics Consulting (Pty) Ltd

This document is a Minimum Disclosure Document (MDD) which contains key information about this portfolio. This MDD will be updated on a monthly basis.
Source: Figures quoted are from Morningstar, for the period ending November 2018 for a lump sum, using NAV-NAV prices with income distributions reinvested.
CPI for all urban areas sourced from I-Net Bridge.

COLLECTIVE INVESTMENTS

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ADDITIONAL INFORMATION

Launch Date	18 July 2005	Total Expense Ratio	Class A: 1.58
Opening NAV Price	1000.00 cents per unit	Transaction Cost	Class A: 0.09
Fund Size	R 550 million	Total Investment Charge	Class A: 1.67
Initial Fee	Class A: 0%	Calculation Period	1 October 2015 to 30 September 2018
Initial Advisory Fee	Maximum 3.00% (Excl. VAT)	Income Declaration Dates	31 March, 30 June, 30 September and 31 December
Annual Service Fee	Class A: 0.525% (Excl. VAT)	Last 12 months Distributions (cents per unit)	30/09/2018: (A) 12.86, 30/06/2018: (A) 3.90, 31/03/2018: (A) 28.03, 31/12/2017: (A) 3.56
Annual Advisory Fee	Maximum 1.00% (Excl. VAT)	Income Reinvestment / Payout Dates	2nd working day in April, July, October and January
Transaction cut-off time	14:00	Frequency of pricing	Our daily NAV prices are published on our website and in the national newspaper
Valuation time	17:00		

FAIS Conflict of Interest Disclosure

The annual fees for the A class include a fee up to 0.200% payable to Kruger, a fee up to 0.200% payable to Ci Collective Investments, a fee up to 0.125% payable to Analytics Consulting. All fees stated are exclusive of VAT.

Please note that in most cases where the Financial Services Provider (FSP) is a related party to the portfolio manager, the FSP/distributor may earn additional fees other than those charged by the portfolio manager. It is the FSP's responsibility to disclose such additional fees to the investor.

Characteristics

This is a multi-asset low equity portfolio which means that it may invest in a spectrum of equity, bond, property and money market and tends to display reduced short term volatility and aims for long term capital growth. The portfolio may have a maximum equity exposure of up to 40% and complies with the regulation governing retirement funds. This portfolio may, at the discretion of the portfolio manager, invest up to 30% of the assets outside of South Africa plus an additional 10% of the assets in Africa excluding South Africa.

Risk Reward profile:

Typically, the lower the risk, the lower the potential return and the higher the risk, the higher the potential return. There is no guarantee that returns will be higher when investing in a portfolio with a higher risk profile. The risk profile for this portfolio is rated as low, as it may only invest up to 40% in equity securities, both locally and abroad. The risk refers only to volatility.

RISK DEFINITIONS

Market Risk

Equity markets are volatile and the price of equities fluctuate based on a number of factors such as changes in the economic climate, general movements in interest rates and the political and social environment which will also affect the value of the securities held in the unit trust, thereby affecting the overall value of the unit trust.

Currency Risk / Foreign Exchange Risk

This risk is associated with investments that are denominated in foreign currencies. When the foreign currencies fluctuate against the South African Rand, the investments face currency gains or losses.

Concentration Risk

Unit Trusts pool the assets of many investors and use the proceeds to buy a portfolio of securities. There are regulations in place which limit the amount that a unit trust may invest in securities, thereby spreading the risk across securities, asset classes and companies.

Liquidity Risk

This relates to the ability of the unit trust to trade out of a security held in the portfolio at or near to its fair value. This may impact on liquidity and in the case of foreign securities, the repatriation of funds.

Credit Risk

Credit risk is where an issuer of a non-equity security may not be able to make interest payments or repay the capital. This will impact the value of the unit trust.

Inflation Risk

The risk of potential loss in the purchasing power of your investment due to a general increase of consumer prices.

Political Risk

The risk that investment returns could suffer as a result of a country's political changes or instability in the country. Instability could come from changes in the country's government, policy makers or military.

Tax Risk

This risk relates to any change to tax laws or to the interpretation of existing tax laws which has an impact on the manner in which unit trusts are taxed.

Compliance Risk

This refers to the risk of not complying with the legislation, regulations, prescribed investment limits and internal policies and procedures by the manager or the portfolio manager.

This document is not intended to address the personal circumstances of any Financial Services Provider's (FSP's) client nor is it a risk analysis or examination of any client's financial needs. Collective Investment Schemes in Securities ("CIS") are generally medium to long terms investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending. Different classes of units apply to this portfolio and are subject to different fees and charges. A schedule of fees and charges is available on request from Ci. Ci does not provide any guarantee either with respect to the capital or the return of the portfolio. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. International Investments may include additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information. The portfolio may be closed from time to time in order to manage it more efficiently in accordance with its mandate. A fund of funds is a portfolio that invests in portfolios of collective investment schemes, which levy their own charges, which could result in a higher fee structure for the fund of funds. The Kruger portfolios are portfolios established and administered by Ci, and Kruger has been appointed to manage and market the portfolios. Kruger is an indirect shareholder of Ci. As an indirect shareholder, Kruger may earn dividends from time to time and participation in any dividends may be linked to the revenue generated by Ci from the Kruger portfolios, and from any other Ci portfolios. Ci retains full legal responsibility for this co-named portfolio. Additional information on the portfolio may be obtained, free of charge, directly from Ci. Ci is an affiliate member of the Association for Savings & Investment SA (ASISA).

Total Expense Ratio (TER): The above TER % has been annualised and indicates the percentage of the value of the portfolio which was incurred as expenses relating to the administration of the portfolio over the rolling 3 year period or since fund inception, on an annualised basis. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER's cannot be regarded as an indication of future TER's.

Transaction Cost (TC): The above TC % has been annualised and indicates the percentage of the value of the portfolio which was incurred as costs relating to the buying and selling of the assets underlying the portfolio. Transaction Costs are a necessary cost in administering the portfolio and impacts portfolio returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of portfolio, investment decisions of the investment manager and the TER.

Total Investment Charge is the TER plus TC which indicates the percentage of the value of the portfolio which was incurred as costs relating to the investment of the portfolio.

Calculations are based on actual data where possible and best estimates where actual data is not available.

Performance quoted is for lump sum investment with income distributions, prior to deduction of applicable taxes, included. NAV to NAV figures have been used. The annualised return is the return of the performance period re-scaled to a period of one year. Performance is calculated for the portfolio and individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax.

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Trustee: FirstRand Bank Limited Tel: (011) 371 2111.

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